

Message Text

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ACTION IO-14

INFO OCT-01 EUR-25 ISO-00 EB-11 COME-00 TRSE-00 AF-10

ARA-16 EA-11 NEA-10 RSC-01 OIC-04 AID-20 SS-20 SP-03

L-03 H-03 PA-04 PRS-01 USIA-15 OMB-01 ABF-01 CIAE-00

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 2612

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E.O. 11652: N/A

TAGS: OCON UNIDO

SUBJECT: UNIDO - FOURTH SESSION OF PERMANENT COMMITTEE:
SIS PROGRAM

REF: VIENNA 3742

1. DURING ADOPTION OF REPORT OF PC MORNING OF
APRIL 27 GROUP OF 77 CIRCULATED DRAFT "PC CONCLUSIONS"
ON SPECIAL INDUSTRIAL SERVICES (SIS) AND INDUSTRIAL
DEVELOPMENT FIELD ADVISERS (IDFAS). WHILE WE HAD
ANTICIPATED POSSIBILITY SUCH ACTION, G-77 GAVE US NO
ADVANCE INDICATION OF PLAN TO SPRING NEW PROPOSALS.

2. TEXT OF G-77 PROPOSAL ON SIS FOLLOWS (PROPOSAL
ON IDFAS REPORTED SEPTTEL):

"THE PERMANENT COMMITTEE CONSIDERS THAT THERE IS
URGENT NEED TO MEET THE SITUATION CONCERNING THE SIS.
TO THAT END IT SUGGESTS THAT THE IDB SHOULD EXAMINE,
IN CONSULTATIONS WITH THE UNDP, THE PRACTICAL POSSIBILITY
OF THE UNDP PLACING AT THE DISPOSAL OF THE EXECUTIVE
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DIRECTOR OF UNIDO A FIXED SUM ANNUALLY, TO BEGIN WITH

\$3.5 MILLION, IN ORDER THAT THE EXECUTIVE DIRECTOR MAY RESPOND STRONGLY, PROMPTLY AND FLEXIBLY TO REQUESTS FOR ASSISTANCE RECEIVED FROM DEVELOPING COUNTRIES. A SPECIAL ACCOUNT MIGHT BE ESTABLISHED FOR THIS PURPOSE TO WHICH MAY BE ADDED VOLUNTARY CONTRIBUTIONS MADE TO IT, AS SPECIAL DONATIONS BY BOTH DEVELOPED AND DEVELOPING STATES. THE PERMANENT COMMITTEE IS OF THE OPINION THAT THE SEPARATE IDENTITY OF THE SIS PROGRAMME, WHICH WAS ESTABLISHED BY THE GENERAL ASSEMBLY AND IS NOW FINANCED BY THE UNDP, SHOULD BE MAINTAINED AND STRENGTHENED BY MAKING THE EXECUTIVE DIRECTOR RESPONSIBLE FOR ITS ADMINISTRATION, OPERATIONALLY AND FINANCIALLY. IT EXPRESSES THE CONFIDENCE THAT THE EXECUTIVE DIRECTOR, IN DISCHARGING THIS RESPONSIBILITY, WILL DOUBTLESS TAKE THE ADVICE OF THE UNDP AS AND WHEN NECESSARY, BUT THE SIS PROGRAMME SHOULD NOT BE A PART OF THE IPF OF THE UNDP."

3. GROUP B AND D RESISTANCE TO PROPOSAL, ARGUED IN PART ON GROUNDS OF LATE HOUR SUBMISSION, PREVAILED, AND INDIAN AMBASSADOR JAIPAL AGREED IN G-77 BEHALF THAT PROPOSAL WOULD BE RECAST AS PART OF REPORT ON COMMITTEE DISCUSSION, (RATHER THAN AS PC CONCLUSION) ATTRIBUTED TO LDC MEMBERS OF PERMANENT COMMITTEE. HOWEVER, WE MUST BE PREPARED TO DEAL WITH THIS PROPOSAL DURING IDB SESSION.

4. WE ARE SATISFIED THAT LDC'S FOR MOST PART SINCERELY CONVINCED SIS PROGRAM SUFFERING FROM OVERLY RIGID UNDP PROCEDURES AND UNNECESSARILY TIME-CONSUMING APPROVAL PROCESS. WE SUSPECT SOME VALIDITY TO THIS CONCERN. MOREOVER, GIVEN EXTENT TO WHICH UNIDO/UNDP RELATIONS HAVE BEEN MAJOR ISSUE OF UNIDO MEETINGS, WE EXPECT UNDP DECISION SEND DEL HERE FOR ONLY TWO WORKING DAYS WILL BE REGARDED AS CAVALIER AND REFLECTIVE OF UNCOOPERATIVE UNDP DISPOSITION. WE THEREFORE RECOMMEND THAT WE BE GIVEN AUTHORITY SUPPORT SOME NEGOTIATED, REASONABLE PROPOSAL FOR JOINT UNIDO/UNDP STUDY ENVISAGING REFORM IN SIS PROGRAM.

5. AT THIS STAGE OUR PREFERENCE WOULD BE TO RECOGNIZE LIMITED OFFICIAL USE

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FORMALLY THAT LOW LEVEL OF IMPLEMENTATION DEMONSTRATES PROBLEM EXISTS AND TO INVITE UNIDO TO STUDY TOGETHER WITH UNDP (A) SUITABILITY OF PRESENT GUIDELINES AND (B) ASSIGNMENT AUTHORITY APPROVE SIS PROJECTS UP TO, FOR EXAMPLE \$25,000, TO RESREP IN CONSULTATION WITH UNIDO. UNDP COULD MAKE EX POST FACTO REVIEWS OF RESREPS APPLICATION OF GUIDELINES. (WE ARE NOT CONVINCED OF UNDP ARGUMENT REPORTED TO US BY UNIDO SECRETARIAT,

THAT LOCAL APPROVAL BY RESREPS WOULD PRESENT EXCESSIVE
DIFFICULTY IN KEEPING TRACK OF TOTAL AMOUNT OF FUNDS
COMMITTED BY RESREPS TO SPECIFIC SIS PROJECTS.)

6. ALTERNATIVELY, GIVEN RELATIVELY SMALL DIMENSION
OF SIS PROGRAM IN DOLLAR TERMS (ALTHOUGH WE RECOGNIZE
CONTINUING PRESSURE TO INCREASE SIS LEVELS), WE THINK
THERE MAY BE SOME MERIT IN SETTING CLEAR RESPONSIBILITY
FOR SIS PROGRAMMING AND EXECUTION IN HANDS OF UNIDO,
AS WE THINK THIS APPROACH MAY OFFER OPPORTUNITY TO
COME TO GRIPS DIRECTLY WITH PROGRAM'S PROBLEMS WHICH
HAVE TENDED TO BE LOST IN LARGER AREA OF CONTENTION
BETWEEN UNDP AND UNIDO.

7. SIS ITEM APT COME ON TO FLOOR AROUND MAY 7. WOULD
APPRECIATE DEPARTMENT'S INSTRUCTIONS. STIBRAVY

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